



D. KENT MICHIE  
Insurance Commissioner  
Utah Insurance Department

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## **Summary of Legislation**

### **H B 236 HEALTH INSURANCE LAW AMENDMENTS Representative James Dunnigan**

#### **Background**

- Utah uses the 'alternative method' to comply with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and guaranteed issue of individual policies for HIPAA eligible consumers. Federal re-accreditation of the Utah alternative method is currently on hold at Federal Health and Human Services pending federally required changes in Utah Code definitions pertaining to pre-existing conditions and related terms. Additional changes are required to bring Utah Code into compliance with the new HIPAA Final Regulation published December 30, 2004.
- Industry asked that a clarification be added throughout section 31A-22-722 adding the word 'employers' to group insurance in the Mini-COBRA law.
- Industry asked that language dealing with conversion rights in 31A-8-402.7 be removed and added to 31A-22-723, the conversion section of the Code, for better ease of keeping all the related conversion rights requirements in the same subsection of the Code. This is a technical change in the location of the requirement.
- Changes in current Code language pertaining to Federal Medicare Part D and the Medicare Advantage option were required because of the passage of the Medicare Modernization Act of 2002 (MMA) and the adoption of regulations for MMA.
- The HIPUtah board of directors voted to change the requirement of sending out a Request for Proposal for the HIPUtah executive director position from every three years to every three years with an option of two one-year contract extensions.
- Chapter 29 updates reference HIPAA public law cites.

#### **Benefits of Legislation**

- Puts Utah Law in compliance with the new changes to HIPAA in the Federal Final Regulation published on December 30, 2004.

- Puts Utah Law in compliance with the Federal Medicare Modernization Act (MMA).
- Clarifies the Code regarding conversion and Mini-COBRA.
- Lengthens the time that an executive director of HIPUtah can serve at the will of the Board.
- Corrects Public Law cites in Chapter 29.

### **Effects of Legislation**

- Utah becomes compliant with Federal regulations regarding pre-existing definitions and related terms thereby allowing for certification of Utah's alternative method of complying with HIPAA.
- Utah becomes compliant with Federal Medicare Modernization Act (MMA).
- Clarifies for insurers, employers and insureds the changes to Mini-COBRA and conversion.
- Allows HIPUtah's Board of Directors the option of granting up to two one-year extensions to the executive director's contract.
- Corrects Code citations to the Federal Public Law that governs HIPAA.

### **Support of Legislation**

- Federal Centers for Medicare and Medicaid Services (CMS) support the definitional changes to the Utah code relating to pre-existing conditions and related terms and the changes relating to the Federal Medicare Modernization Act (MMA).
- Utah Health Insurers Association (UHIA) and Utah Association of Health Underwriters (UAHU) support the changes to Mini-COBRA and conversion.
- HIPUtah Board of Directors support the changes to the executive director's contract.